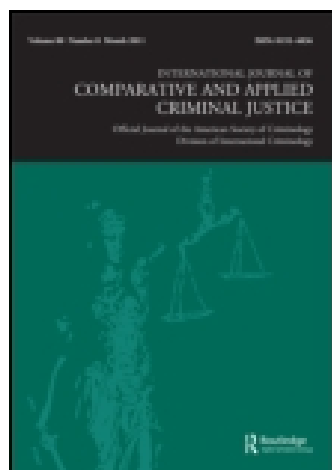


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### Product counterfeiting: exploring the risk

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## INTRODUCTION

### **Product counterfeiting: exploring the risk**

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With this special issue, the *International Journal of Comparative and Applied Criminal Justice* breaks new ground. It focuses entirely on an understudied but globally important problem – product counterfeiting. To everyday consumers, and even many criminologists, law enforcement officers, and policymakers, the authenticity of material products is often taken for granted. But what are the implications of products sold as branded originals that are in fact counterfeit? While knock-off designer goods are among the most commonly recognized counterfeits, consider also those that are designed specifically to deceive the consumer or business purchasing them – for instance, vaccines with no active ingredient, brake pads composed of inferior materials, or electronic products that have not undergone safety testing. Product counterfeits, which involve a range of illegal activities linked to intellectual property rights infringement, represent a considerable challenge to law enforcement and policymakers. First, there are considerable incentives for individuals to produce and distribute counterfeit goods, including, in many instances, easy entry into the market, considerable profit, and little risk of apprehension and penalty. Second, the impact of product counterfeiting is multidimensional. This crime affects the health and safety of consumers; it reduces revenue, brand value, innovativeness, and reputation of industries; it reduces tax revenue for governments, at the same time it increases enforcement costs; it reduces employment and stifles economic growth; and it is associated with other forms of crime. Finally, the problem is very difficult to combat given its global, complex, and clandestine nature and that very little research has assessed the scope and nature of the problem. This issue is indeed *special* because it integrates a wide array of studies aimed at examining the risk of product counterfeits from a number of perspectives. In so doing, it can serve as a foundational resource for facilitating discourse and research on this important, contemporary problem. Additionally, it features research by a number of leading scholars who help comprise Michigan State University's Anti-Counterfeiting and Product Protection Program (A-CAPPP). As the first and the only academic unit focused specifically on the development and dissemination of product anti-counterfeit strategy, A-CAPPP serves as an international hub for interdisciplinary translational research, training, education, and outreach.

One of the most important yet perplexing questions about product counterfeiting is the size of the problem. Just how prevalent are product counterfeits and what are their

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economic impacts? Some have estimated that product counterfeits represent upward of 5–7% of global trade. However, knowing the difficulty of measuring such a multifarious crime representing a range of violations, products, and modus operandi on an international scale, any student of crime will know to quickly question the methodology of studies purporting to provide such an estimate. In an interesting analysis, John Spink and Zoltan Levente Fejes do just that by providing a review of product counterfeit estimates used in public discourse, primarily in the form of journals, books, and reports across a range of disciplines. They find that the quantitative estimates typically cited generally reference three core documents and that existing studies are plagued by numerous measurement problems. This article highlights the important need to estimate the risk of product counterfeiting – for consumers, business, governments, and others – and raises several key questions about the proper way to do so. Their discussion implicitly raises an important question: what is the best way to develop public policy in light of limited, reliable facts about the scope and scale of a problem, and what are the implications of doing so?

Transitioning from global to local, the second article by Justin Heinonen and Jeremy M. Wilson contends that product counterfeiting is an international problem, but it is also one that has implications for local communities and law enforcement resources. Furthermore, local and state law enforcement officials are uniquely positioned to discover and combat product counterfeits. Heinonen and Wilson examine the counterfeiting problem directly by implementing a systematic methodology to identify and gather open-source information on known incidents in the State of Michigan. Acknowledging that other incidents could have occurred that their methodology did not capture, they identified 47 incidents that involved a wide array of products, including those ranging from worn goods and toys to petroleum gas tanks and pharmaceuticals. With the goal of providing evidence-based lessons for law enforcement and policymakers, they assessed these incidents through a framework founded on the tenets of problem-solving and the crime analysis triangle. Their findings highlight the varied nature of these events, including the actors who perpetrate them and the involvement by law enforcement in investigating them, and identify connections to terrorism and international organized crime.

There are many strategies that have been implemented to respond to product counterfeiting, but few evaluations. Of course, there are both legislative and investigative innovations included among the strategies, but also brand owners have looked at ways to “harden the targets” of counterfeiting. In the third article in this special issue, Yun Wang and Evangelyn Alocilja provide an outstanding overview of the extant research that evaluates sensor technologies for anti-counterfeiting. Sensors are critical to smart packaging initiatives and have ensured that products are delivered safely to consumers, but there has been no research that considers how such innovations could be extended to product counterfeiting. Wang and Alocilja consider how packaging innovations, such as biosensors, nanosensors, and radio frequency sensors, all could be used to assist in the protection of counterfeited products. For example, biosensors or nanosensors might be used to detect if the wrong ingredients for a medicine are present or if those ingredients were modified in any way. Moreover, such sensors could be used to determine whether there has been any tampering with a package. An important conclusion of this article is that, although there is a good number of studies that have started to identify the possibilities of using such sensors to make it much more difficult to counterfeit products, there is clearly a need to develop these technologies and consider multidisciplinary approaches to put such technologies to use.

The public should learn more about the counterfeiting of products and perhaps develop a better understanding of the risks associated with buying counterfeiting products.

Although there has been some discussion about the counterfeiting of products in the news, the amount of coverage is quite small especially in comparison to the daily dose of violent crime stories that are presented. Scholars who have examined the media's coverage of crime have concluded that white collar and financial crimes are much less likely to be presented in the news compared to other types of crime stories, but there has been no research that has specifically examined how counterfeiting is presented in the news. The article by Brandon Sullivan and Steven Chermak fills this gap with an analysis that compares the representation of product counterfeiting, tax fraud, and corporate fraud in US newspapers. The focus of this article is on the sources who have been cited by reporters from the *New York Times* and *Washington Post* about these types of crime. Sullivan and Chermak conclude that there are significant differences in how the sources were used for the different types of crime. Specifically, industry sources are much more likely to be used in product counterfeiting stories and are more likely to discuss the impacts on business practices. In contrast, government and official sources are primarily used when reporters write a tax or corporate fraud story with a particular focus on the criminal justice systems response.

These four articles provide an important introduction to various issues about this critical social problem. When read together, it becomes clear that there is still much that has to be learned about product counterfeiting. These studies also help highlight that although there are certainly significant challenges in studying these topics, there is potential to deploy innovative research methodologies and rely on multidisciplinary research to further understand this important issue. We thank the journal and Professor Mahesh Nalla for providing a vehicle for which the scholarly community can begin to engage this topic in various ways. We also thank those who contributed to this special issue.